I/3 Update
April 20, 2005

Implementation

1. **What is the status of the I/3 system?** The I/3 budget, finance, procurement and data warehouse components are operational. The finance nightly cycle has been automated, improving I/3 system availability. An ongoing support system, including user groups, is working to define and prioritize needed improvements. I/3 system administrators are working to improve customer communication and working with the user groups to schedule changes to the system.

2. **What challenges remain?** We are currently addressing I/3 system issues related to:

   - Known software bugs,
   - System performance issues, and,
   - Availability of the data warehouse.

   To address these challenges we are:
   - Performing a software upgrade for the Budget / Finance / Procurement modules,
     - A software upgrade is currently in testing and scheduled for installation this summer,
     - The upgrade is focusing on fixing known production software bugs,
     - Focusing on batch and online performance improvements,
   - Upgrading our hardware environment,
   - Looking into network stabilization,
   - Looking into improving the data warehouse structure, access and usage, and,
   - Monitoring the I/3 technical infrastructure to ensure that adequate resources are available.

3. **Why I/3?**

   - To improve access to accurate and complete information
   - To increase accountability
   - To provide more effective resource management
   - To support business process redesign, eliminating paper and saving time
   - To eliminate redundant systems

4. **What are the Expected Benefits?**

   - Enhanced accountability
   - Eliminate redundant systems
   - Implement best practices
   - Eliminate paper and save time
   - Reduce maintenance and development time
   - Reduce or eliminate interfaces

5. **I/3 is an enabler of best practices and a tool for seeking improvements. The State will need to work at capturing the benefits by:**

   - As staff become more proficient and effective training is developed/offered, productivity will begin to rise
   - Establishing Executive business sponsorship to coordinate with all departments to prioritize investments, make improvements to training, and prioritize system enhancement.
   - Re-engineering processes to take advantage of the capabilities of the new system.

Financing I/3

6. **How much did the state expect to pay for the ERP implementation project?**

   - August 2000 – ERP planning study completed. Estimated costs $42 million
   - Fall 2002 – Budget for the 3 year project was estimated at $13.8 million.
   - 9/30/02 – Signed contract with AMS for $9.5 million with anticipated future amendments
   - 3/2005 – Contract amendments with CGI-AMS increased costs to $11.5 million.

7. **What have other States spent on their ERP implementation projects?**

   - **Tennessee –** in planning stages. Conservative estimate for ERP acquisition and implementation is $97 million.
   - **Arkansas** – Legislative Joint Auditing committee states that the ERP system cost "at least $61 million.
   - **Missouri** - $45 million spent by Office of Administration and an additional $20 million for DOT.
   - **Massachusetts** – ERP project estimated at $64 million.

Vendor Commitment

8. **Why was CGI-AMS selected during the RFP process?** In reviewing the RFP responses the review team considered their bid to meet our "requirements" the best and had the best price.

9. **Has the vendor been paid for all implemented modules?**
   No, there are several items that payment is being withheld pending successful delivery on implemented module functionality. There are:

   - Several deliverables that haven't met the requirements
   - A percentage of the project money that is held until the "punch list" (errors) have been fixed
   - System performance criteria that haven't been met

10. **What is CGI-AMS doing to resolve the requirements not yet met?**

    - Focused personnel to address outstanding issues in the production system,
    - Provided additional staff and investment other than just those items required by the contract,
    - CGI-AMS continues to invest in Iowa, at a financial loss to CGI-AMS, in order to ensure the long term success for the Advantage program and the State of Iowa.